

Housing: Mirror and Mould for Australian Society?

Andrew Beer

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Andrew Beer

1. Introduction

Australian society is changing in response to social, economic, demographic and policy processes that affect all dimensions of life, including housing. These changes raise important questions about how Australians see themselves both at home and abroad and how we think of our housing.

Public representations of Australia are no longer solely focused on the perhaps mythical 'quarter acre block', as reflected in popular television programs such as 'The Block' and, to a certain extent, 'Big Brother'. At the same time, home and housing continues to occupy an important place within the national psyche with home renovation/lifestyle programs and magazines such as 'Renovation Rescue', 'Better Homes and Gardens' dominating both the print and television media. Indeed, Fiona Allon at the Centre for Cultural Research at the University of Western Sydney has suggested that we have become a 'Renovation Nation'².

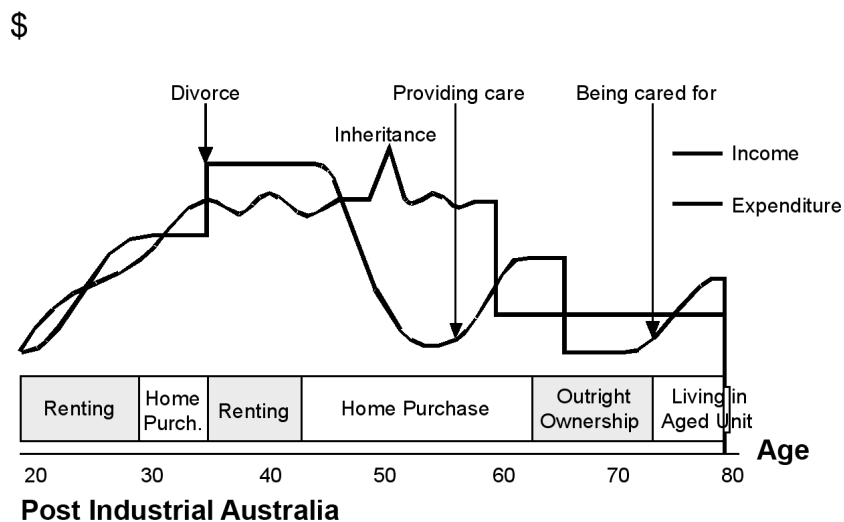
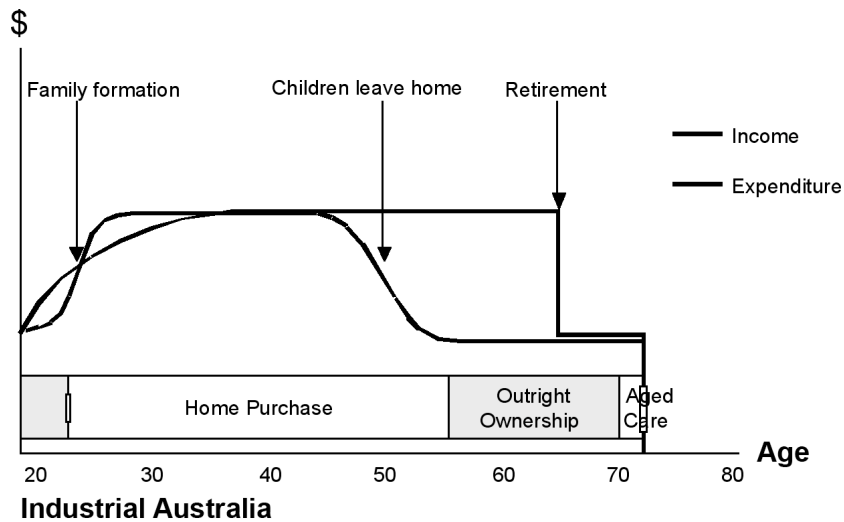
Even in the midst of global economic turmoil we cannot escape the fact that the business of buying, selling, renovating, demolishing and building homes has a prominent place within Australian society. The stimulation of housing markets through the doubling of the First Home Owners Grant has been an important part of the Rudd Labor Government's response to crisis in the world's financial markets. A whole new lexicon has been invented over the last decade to describe new ways of dealing and operating in the housing market: a home to be demolished and replaced with a more expensive property is now a 'knockdown'; the process of reconfiguring the home is called a 'renno'; while the real estate industry now offers 'executive apartments' or 'luxury executive apartments' – never apartments³ – and 'lifestyle concepts'.

There can be no denying that the way Australians live in their home and interact with the housing market has changed dramatically over the last two decades. Home is no longer simply a place to be 'safe and sound'⁴ but is instead a part of a much more dynamic and fast-paced society. We 'transition' through housing, matching the dwelling within which we live to our employment circumstances, stage in the lifecycle, friendships and consumption aspirations⁵. One way of thinking about this set of processes is to focus on the idea of an individual's or household's housing career or housing history. That is, the set of housing circumstances individuals, families and households occupy through their lifetime⁶.

The contrast between past and present attitudes to, and consumption of, housing can be represented schematically (Figure 1.1). What this figure attempts to show is that thirty or forty years ago the employment and life histories of many Australians were marked by a degree of certainty and predictability. Employment and marriage were long term commitments, home ownership was the 'natural' tenure for virtually everyone at some stage in their life, and the processes of caring for others followed a reasonably uniform pattern. In post-industrial Australia, however, much has changed. Many social phenomena that were previously constant and unchanging – employment, forming a relationship, place of residence – are now much more dynamic, with profound implications for the operation of the housing market and individuals' transitions through the dwelling stock. Divorce or separation, periods of unemployment or underemployment, the provision of care to older or disabled relatives, the receipt of an inheritance and living into 'old old' age all have a significant impact on how we

as individuals and a society interact with housing. It is worth reflecting on the fact that 42 per cent of marriages in Australia end in divorce⁷ and that relationship breakdown is frequently a precursor for falling out of home ownership and, in some instances, for becoming homeless. These changes generate a significant challenge for Australian society and Australian governments because, while our economy and society can change rapidly, the housing stock is both immobile and difficult to modify without substantial cost. Moreover, the costs of bad housing and bad housing policies can be profound with respect to the educational attainment of children, the health of the population and social cohesion.

Figure 1.1 Changed life histories and changing housing careers



Source: Adapted from Williams, P (2003) Home Ownership and Changing Housing and Mortgage Markets: The New Economic Realities, in *Housing and Social Change: East West Perspectives*, R Forrest & J Lee (eds), Routledge, London, p 166.

Clearly there are profound changes taking place in the Australian housing system and Australian society needs to better understand these changes in order to adequately plan for the future. We also need information on, and an understanding of, what is happening in the housing market to help us provide services that meet needs. Even as individuals it is important that we have a good grasp of the shifts and trends in the housing market so we can make sense of the changes that surround us. The release of data from the 2006 Census presents a unique opportunity to take stock of what is happening with Australians and their housing. For professional housing researchers the Census represents the 'gold standard' for housing data as it is the most comprehensive and uniform enumeration available. Researchers in other developed economies have access to information sources unavailable in Australia, such as the English, Welsh, Scottish and Northern Ireland House Condition Surveys which have been undertaken since 1967⁸. On the other hand, those in Australia with an interest in housing matters have access to the Survey of Income and Housing Costs, as well as the benefit of a five-yearly Census. Other nations such as the UK, Ireland and the USA have a decade-long interval between their population censuses. Every five years Australian housing researchers can therefore assess both the direction and rate of change in the construction and use of housing.

This paper makes use of the 2006 and two previous Censuses in order to present a snapshot of the evolution of Australian housing and highlight the changes in the way Australians consume housing. In particular, this essay pays attention to the ways in which housing reflects broader societal change while at the same time moulding the future of our nation. There is a focus on the degree of fit between the housing stock and the changing Australian households, including developments in family formation, the number of persons living in each home, the ageing of the population and the different outcomes confronting men and women in the housing market. Along the way the essay also considers issues of housing affordability and the processes through which the current housing affordability 'crisis' is shaping both the ways in which we live as a nation and the type of society we are becoming.

2. Australians and their housing: continuity, change and emerging issues

Some of the most important questions about Australians and their housing are: where do Australians live, do we have sufficient housing for the population, and is their housing changing? Fortunately, there is a good deal of research already published that can help us answer these questions.

Recent projections show that the housing stock is growing and will continue to grow over the foreseeable future. Projections indicate that by 2011 there will be demand for an additional 1.1 million dwellings⁹ and that Australian households will continue to decline in size as parents occupy their existing dwellings and young people seek new housing. The Census data provides a reliable indicator of the pace of this growth. At the 1996 Census there were 7,195,216 households within the Australian housing stock, by 2001 this had risen to 7,810,345 and by 2006 it stood at 8,446,726.

One of the most important changes over the last 20 years in the way Australians consume housing has been that since the 1990s housing demand has been driven by the growth in the number of *households* rather than the growth in population¹⁰. That is, people are now more likely to form new households as a result of processes – divorce, separation, migration for work-related reasons, and the ageing of the population – that have nothing to do with the growth of the population. Partly for this reason, there is evidence that Australia has not been producing enough housing relative to demand¹¹ and that this lag has been evident over several years. This gap within housing supply has reflected change in the nature of Australian

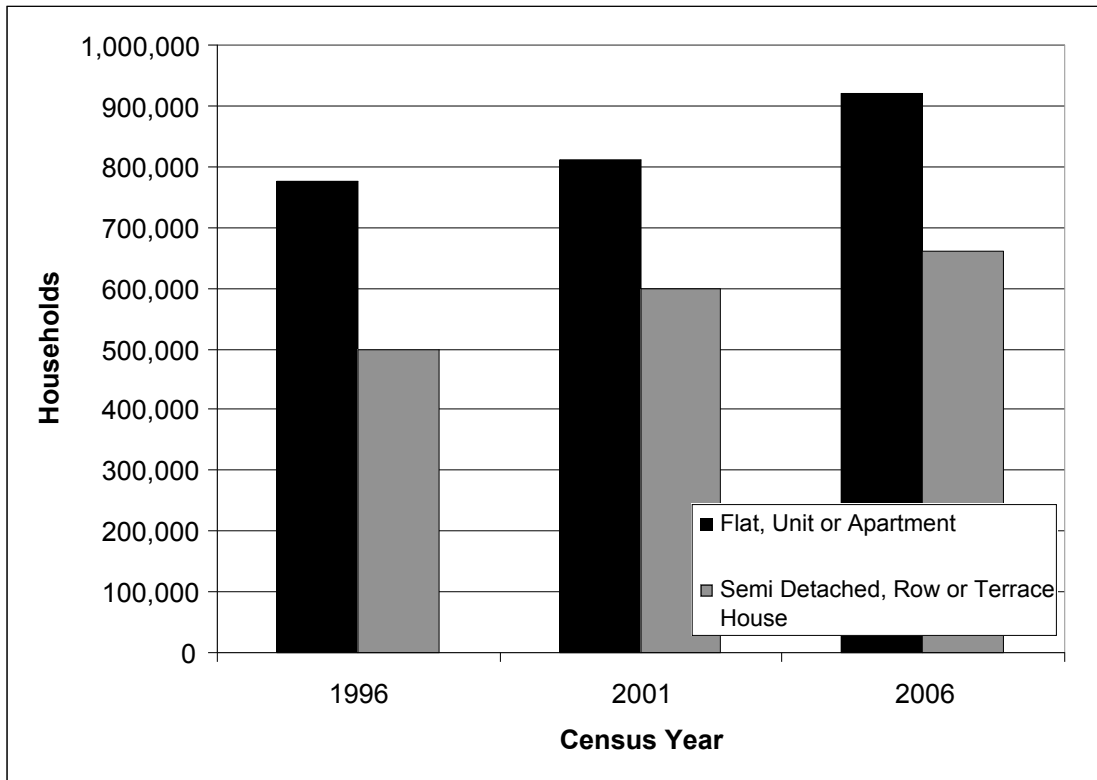
households but also contributed to that change via higher housing costs and a growing affordability challenge for many families and individuals¹².

The available evidence indicates that there has been change in the demand for housing over the last two decades but have those shifts been reflected in the types of dwellings Australians occupy? That is, has the housing stock and the housing industry kept pace with the more dynamic economy and society Australia has become? At one level the answer is no: overwhelmingly Australians continue to live in separate houses, most of which have three or more bedrooms. In aggregate the 'typical' Australian home in 2006 looks very similar to the 'typical' home in 1986, 1976 and 1996. But this is not to suggest that there hasn't been important change, as the proportion of occupied dwellings in Australia that are separate houses has been falling slowly but steadily over recent years. At Census 2006 74.8 per cent of occupied private dwellings in Australia were separate houses (5,685,387 of 7,596,183 private occupied dwellings), compared with 75.3 per cent in 2001 and 78 per cent in 1991. Allied with this decline in the percentage of dwellings that are separate houses has been an increase in the number and proportion of all private occupied dwellings that are higher density – increasing from 19.5 per cent of all private occupied dwellings in 1991, to 22.2 per cent in 2001 and most recently to 23.4 per cent in 2006. In short, Australians are slowly embracing a more 'urban' rather than suburban lifestyle and the housing that comes with it. Indeed, even within suburbia there has been substantial change within the housing stock. Recent research by Hall¹³ has shown that whereas conventional detached housing development in Australian suburbs from the 1960s, 1970s or 1980s resulted in the dwelling having a 'footprint' of approximately 30 per cent of the residential block, contemporary development results in a footprint close to 60 per cent. Houses have grown larger and backyards have dwindled in size.

Urban consolidation policies have had a profound impact on the nature of urban development and resulted in both smaller backyards within the new detached housing stock and higher density housing – townhouses and high rise apartments – in the larger cities such as Sydney, Melbourne and Brisbane. The rate of growth of higher density housing forms has outstripped the growth of the conventional housing stock (ABS 2003) and Figure 2.1 suggests that in the most recent inter-censal period the rate of growth in the higher density housing forms – flats and apartments – has outpaced medium density semi detached housing. The ABS¹⁴ reported that between 1991 and 2001 higher density housing increased at more than three times the rate of separate houses in Sydney and that similar patterns were evident in Melbourne, Brisbane and Canberra.

Significantly, higher density housing has emerged as one of the few affordable housing options for low and moderate income households and it therefore occupies an important transitional phase in the life trajectories of many families. Some households, of course, stay within this housing permanently. Women with children would be especially affected by this trend because of their lower incomes relative to men, their periods outside paid work due to child care commitments and through the concentration of female employment in the CBD where house price pressures are most acute¹⁵. Flats, units and apartments represented 55 per cent of the total dwelling stock in inner Sydney at the 2001 Census, compared with 30 per cent in the middle suburbs and 11 per cent in outer Sydney¹⁶. Higher density housing, therefore, is a more affordable and accessible option for many families, and one which has the potential to better meet changing household circumstances, as well as the demands of the modern workplace.

Figure 2.1 Number of Australian households resident in flats and semi-detached dwellings, 1996-2006



Source: ABS , 1996, 2001 and 2006 Censuses

3. Changing lifestyles, changing households

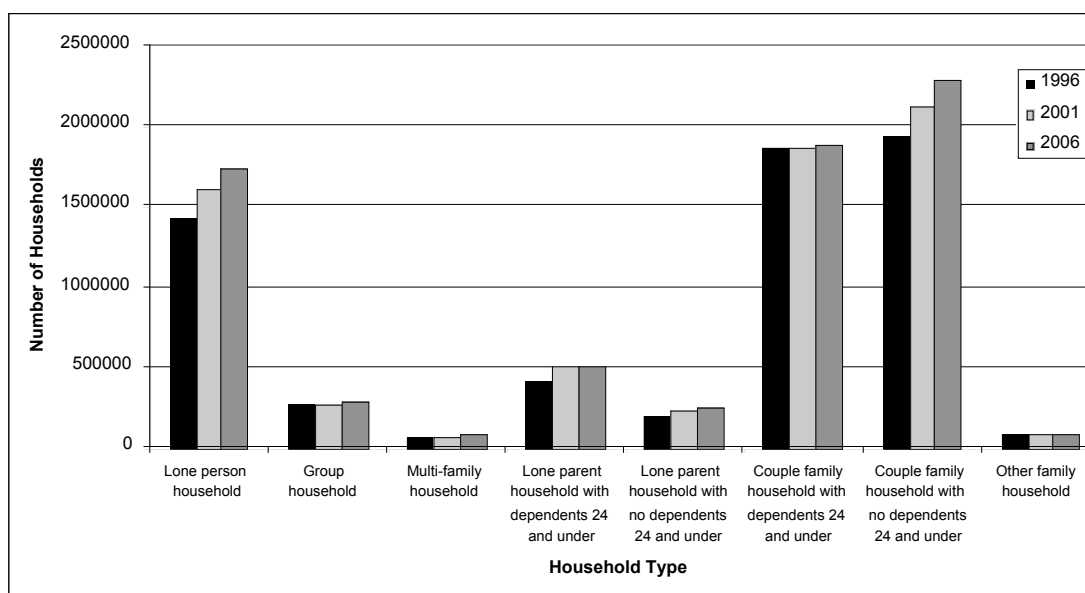
How have the changing lifestyles of Australians shaped the way we consume our housing? Have changing social mores, preferences and behaviours reconfigured the way we live in our housing? These are important questions and in this instance there is clear evidence that there has been substantial change, partly because of the ageing of the population but also as a consequence of broader trends within society.

3.1 Households and lifestyles

One of the most interesting developments in the relationship between Australians and their housing has been the shifts in the number of households with children, especially young children (Figures 3.1 and 3.2). We conventionally think of households made up of couples with children as the single largest living arrangement in the Australian housing stock, but that picture changes greatly if we consider only those households that have children under 15 years of age (Figure 3.2). When the analysis of census data is limited to households where there is one child or more under 15 years of age, couple-only households are the single largest category, and indeed the number of couple families with children is edged into third place by lone-person households. One of the things this tells us is that many children living

with their parents are older children – between 15 and 24 years of age – and that the slight growth in the number of households comprised of a couple with dependent children under 24 years of age over the last 15 years reflects an increasing tendency for children to remain in the family home for longer. One of the consequences, therefore, of high house prices and reduced housing affordability is families staying together for longer, whether they want too or not! This raises another important question, if adult children and older teenagers are staying in the family home for longer, how well equipped are family homes to accommodate this burgeoning group? As the television program *Packed to the Rafters* shows us, families with multiple adult generations living under one roof represent a new era for Australians and their housing as issues of space, privacy and cost need to be rethought. It may well be that an important driver of the home renovations and additions market over the last decade has been the enduring presence of offspring in the family home.

Figure 3.1 Household type where children are defined as dependents under 24 years, 1996, 2001 and 2006, Australia



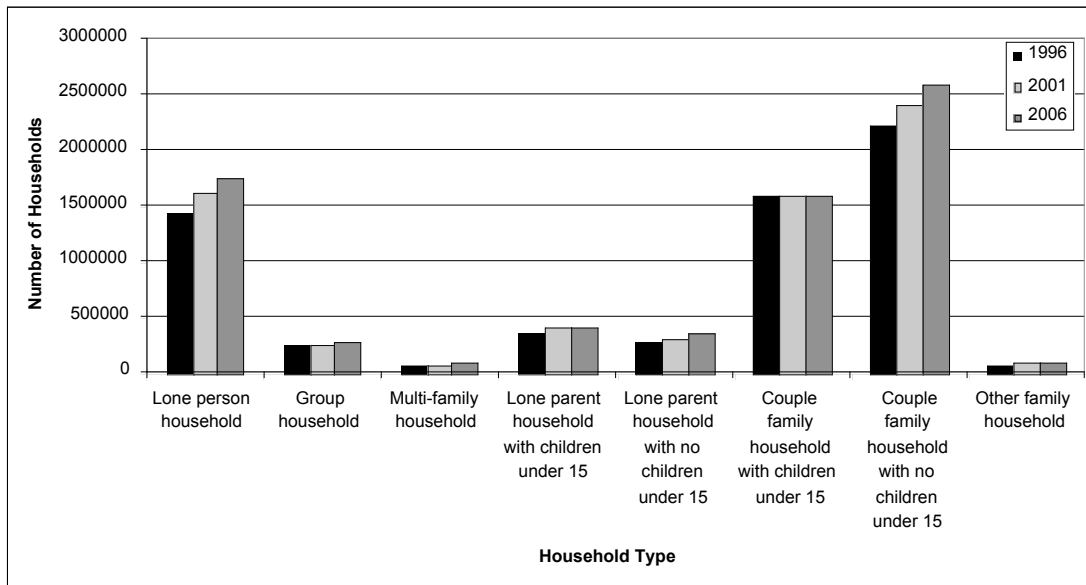
Source: ABS Census, 1996, 2001 and 2006

However you divide up the data, lone-person households are a significant and growing part of the Australian housing stock and the way Australians live in their housing. In part this reflects the ageing of the population but it is also an indicator of other social trends, including the growing tendency for individuals to marry and form permanent relationships later in life, growth in the number of persons who never form a long term relationship and the increase in couples who either choose to 'live together apart' or do so out of necessity. An example of the latter would be a household where a partner works more or less permanently in remote Australia in the mining or other industries.

There is another important story to be told out of the data on household types from the Census. Lone-parent households grew between 1986 and 2001 and again between 2001 and 2006, though at a much lower rate. A significant percentage of Australian children are now raised in lone-parent households and the implications for Australian housing are truly

profound. At one level there is a critical policy imperative to be aware of this issue as there is a large and growing need for affordable housing to accommodate those on low incomes raising children. At another level, divorce and relationship breakdown has reshaped the residential market as many families now 'double consume'¹⁷ housing, as both parents need to provide appropriate accommodation for their children who may be with them for either half of each week or on alternate weeks.

Figure 3.2 Household type where children are defined as dependents under 15 years, 1996, 2001 and 2006, Australia



Source: ABS Census, 1996, 2001 and 2006

3.2 The housing stock

One of the issues we need to comprehend, if we are to come to grips with how change in Australian society is reshaping our housing, relates to the nature of the stock and the households who occupy those dwellings. As noted before, most Australians continue to live in detached dwellings in the suburbs and this pattern is unlikely to change in the foreseeable future. That said, there have been a number of significant trends over the periods 1996-2001 and 2001-06. First, there has been growth in the total stock of dwellings, rising from 7,503,182 dwellings in 1996 to 8,888,578 in 2006 – an increase of 1.4 million dwellings (or 18 per cent) over the decade. Second, there has been substantial growth in some types of dwelling structure. For example, the number of households living in flats or units in a complex more than four storeys high almost doubled over the decade (84 per cent), increasing by 145,382 dwellings. At the same time, separate houses have remained the dominant dwelling structure but they increased by a relatively modest 16.7 per cent over the decade on the 1996 Census. Households living in caravans, cabins or houseboats increased significantly over the decade, rising by 135,784 households or 31 per cent. The increase in households resident in this type of dwelling is the outcome of the high cost of housing in many regions¹⁸,

and the willingness of some retirees to 'tradedown' from home ownership into manufactured housing or caravans¹⁹.

There is a third key trend embedded within the Census data in the pattern of occupancy of the housing stock: most Australian family²⁰ households continue to live in separate houses, with the percentage of families living in this type of dwelling virtually unchanged over the decade (82.2 per cent in 1996 and 2001; 81.4 per cent in 2006). That said, there was substantial growth in the number of families living in flats, units or apartments in complexes four or more storeys high. The number of families resident in this type of dwelling increased by 41,314 between 1996 and 2006, almost exactly 70 per cent. This contrasts with the 20 per cent increase in the number of families resident in flats or units of less than four storeys, and a comparable rise in families living in semi detached housing. Clearly then, more Australian families are now willing – or have been forced – to accept high density living and regardless of how they came to occupy this stock this represents a notable shift for Australian society.

But not every type of household is embracing, or moving towards, higher density housing forms and indeed, it is some of the smallest households that have clung to the traditional detached dwelling stock. Lone-person households have always been concentrated in separate houses and this trend strengthened over the decade to 2006: while 51 per cent of lone-person households lived in separate houses in 1996 (775,864 households), the comparable figure stood at 52.9 per cent in 2006 (985,859 households), a 27 per cent increase in the number of these households living in separate houses. This outcome resonates with Pender's²¹ observation that the Australian housing stock in the late 1980s had more bedrooms than persons. Clearly the ageing of the population is an important part of this story as surviving household members continue to live in the family home after the death of their partner. Indeed the percentage of lone-person households living in apartment complexes of less than four storeys fell between 1996 and 2001, from 21.2 per cent to 19.8 per cent.

Over the decade to 2006 there were significant shifts in the types of dwellings occupied by group households – that is, households comprised of unrelated adults. Between 1996 and 2006 the proportion of group households living in separate houses fell from 46 per cent to 41.7 per cent while the percentage living in a caravan, cabin or houseboat rose from 18 per cent to 24.5 per cent. This latter trend is noteworthy, as an ongoing shortage of rental accommodation, and increasing demand for labour in many non-metropolitan regions, has encouraged groups of workers to share accommodation in caravan parks and manufactured housing estates²².

Overall, the data from the 1996 Census through to the 2006 Census suggest that Australians have not changed the way they live within the housing stock despite shifts in household type. Separate houses remain the dominant tenure and the predominance of this type of dwelling for families is a constant within an otherwise ever-changing housing market. There were, however, important changes in the detail of how Australians occupy the housing stock: there are many more families living in high density housing than a decade previously; there has been a significant increase in the number and percentage of group households living in caravans, cabins and houseboats; and a 36 per cent increase in the number of families living in semi detached dwellings.

Change in the patterns of housing occupancy in Australia is not a geographically even process, nor should it be expected to take place over a relatively short time span. Analysis of the Census data highlights the fact that growth in households living in higher density housing (ie, dwellings within complexes four or more storeys high) has been concentrated in relatively few localities, almost all in or close to the Central Business District (Table 3.1). Indeed, most of the growth in households living in high density buildings has occurred in

Sydney and Melbourne, with some growth in Brisbane and to a very limited extent, the Central Business District of Adelaide. It is in these localities that we can expect to find a significant increase in the number of families resident in higher density housing.

Table 3.1 Top 20 statistical local areas (SLA) to record an increase in households resident in buildings four or more storeys high, 1996 to 2006

Statistical Local Area	2006	1996	Difference
Sydney (C) – South	11,921	3,761	8,160
Melbourne (C) – Southbank-Docklands	8,353	608	7,745
Sydney (C) – West	11,262	4,170	7,092
Melbourne (C) – Inner	7,360	896	6,464
Sydney (C) – East	17,511	11,283	6,228
Sydney (C) – Inner	8,429	2,373	6,056
Melbourne (C) – Remainder	9,462	3,587	5,875
Port Phillip (C) – West	6,834	1,799	5,035
Broadbeach-Mermaid Beach	3,352	138	3,214
Rockdale (C)	5,939	2,790	3,149
North Sydney (A)	13,343	10,247	3,096
Willoughby (C)	6,548	3,766	2,782
City – Remainder (NSW)	2,832	88	2,744
Auburn (A)	2,733	177	2,556
Kangaroo Point	2,476	123	2,353
Sutherland Shire (A) – East	5,294	3,111	2,183
Port Phillip (C) – St Kilda	3,507	1,567	1,940
Canada Bay (A) – Concord	1,824	62	1,762
Adelaide (C)	1,674	3	1,671

Source: ABS 1996 and 2006 Census

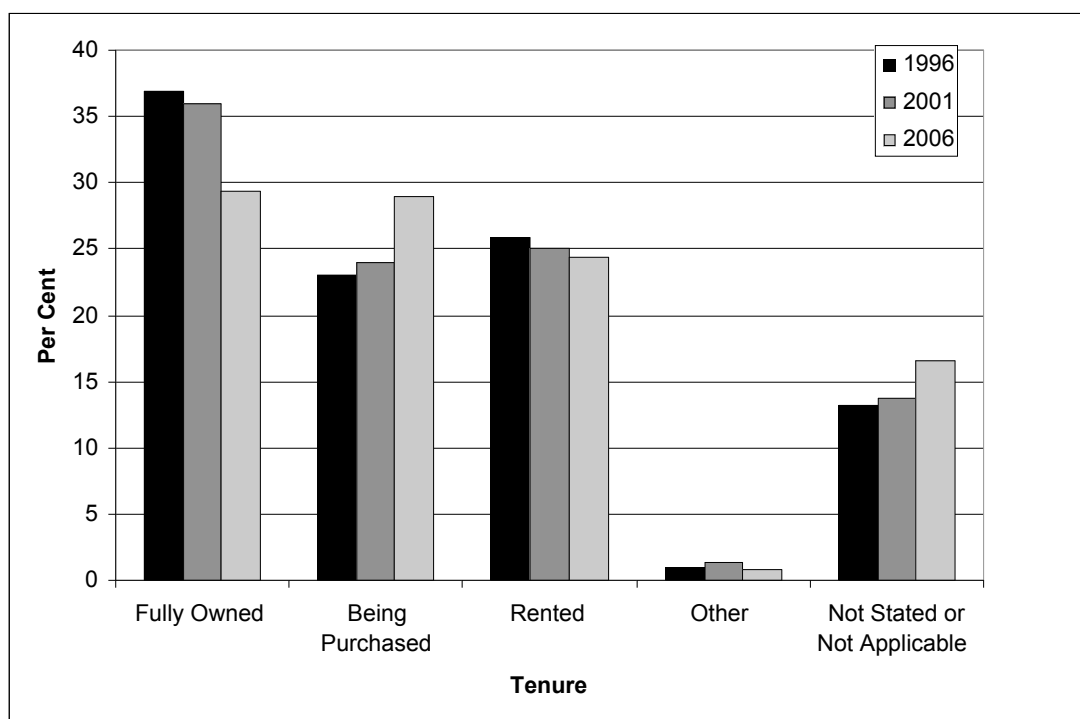
3.3 Tenure

Tenure is another important dimension of the shifting relationship between Australian society and its housing stock. Home ownership has often been cast as the 'Great Australian Dream' but are all households able to achieve the dream in an era of high house prices? Moreover, is home ownership still an attractive tenure in a contemporary economy marked by higher levels of labour market mobility and migration? The Census data tells us that change in household type over the decade 1996 to 2006 has been accompanied by shifts in tenure with the number of outright home owners in Australia falling over the last decade (Figure 3.3) while home purchase has grown, both in number and as a percentage of all private dwellings. The Great Australian Dream, then, appears to have maintained its allure. Part of the story, of course, is the impact of the Australian Government's First Home Owners Grant, which has 'brought forward' entry into home purchase for many younger households²³, as well as the

deregulation of housing finance²⁴. Where previously households had to seek housing finance from banks that imposed strict lending criteria or required a history of savings, non-bank housing lenders have introduced more permissive criteria, thereby extending access to finance for home purchase.

Growth in the number of households purchasing a home is a noteworthy development in housing in Australia and one of the most significant developments evident in the 2006 Census. There have been other changes also: the private rental sector has grown, while the stock of public rental housing has fallen slightly over the decade to 2006²⁵. The fall in outright home ownership across Australia represents a significant reversal of a long term trend that has been evident since the late 1970s²⁶ and may reflect a range of processes including the increased use of housing wealth for other purposes, including to fund retirement living²⁷. It almost certainly signals a new mindset amongst Australia's older population towards their housing and the homes they occupy. It is a trend which potentially has profound implications for the provision of government services. The housing industry will almost certainly be reshaped as older Australians look to make use of their housing assets to purchase new housing and other services.

Figure 3.3 Tenure across Australia, 1991, 1996 and 2006



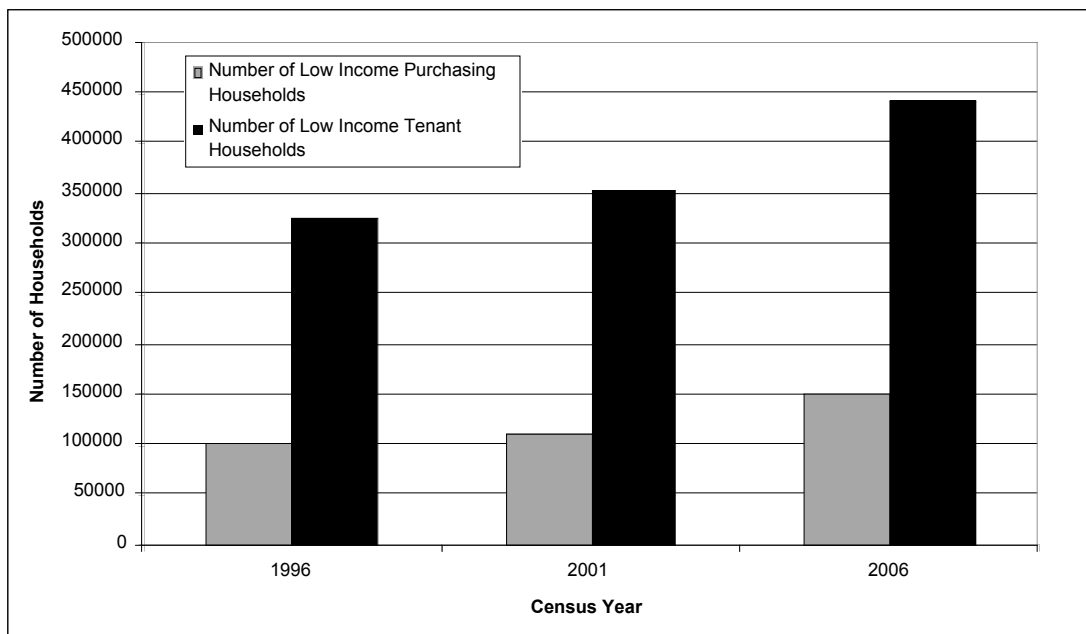
Source: ABS Census 1996, 2001 and 2006

4. Affordability

Housing affordability is a significant problem across Australia and it is a phenomenon that highlights the impact of broader social processes on housing, as well as the influence the housing sector in turn has on society. Australia's current housing affordability challenges are the product of a number of processes including the structure of tax arrangements²⁸, land supply lags, shortages in skilled labour and growth in the demand for housing²⁹. The 2006 Census data provides an opportunity to take stock of changes in house price affordability by comparing data across the decades. Importantly, the very nature of this data set – as a census rather than a survey or other enumeration – allows us to undertake a detailed analysis of those persons affected by housing affordability problems and whether those groups have changed over time.

Recent estimates suggest that between 700,000 and 1.1 million households throughout Australia experience housing stress³⁰ where housing stress is defined as households in the bottom 40 per cent of the income distribution paying 30 per cent or more of their income on housing³¹. The problem is most acute in the private rental sector, which has both the greatest number and percentage of households affected by housing stress. Research by Burke et al³² has highlighted the difficult circumstances confronting many low income rental households, with respondents to a survey reporting that they have gone without food, sold personal items or failed to pay utility bills in order to meet their housing cost. The highly regarded housing economist Associate Professor Judy Yates has argued that the problem is now so widespread and such a large number of households are so deeply affected that housing affordability will remain a policy challenge for governments across Australia for at least 15 years.

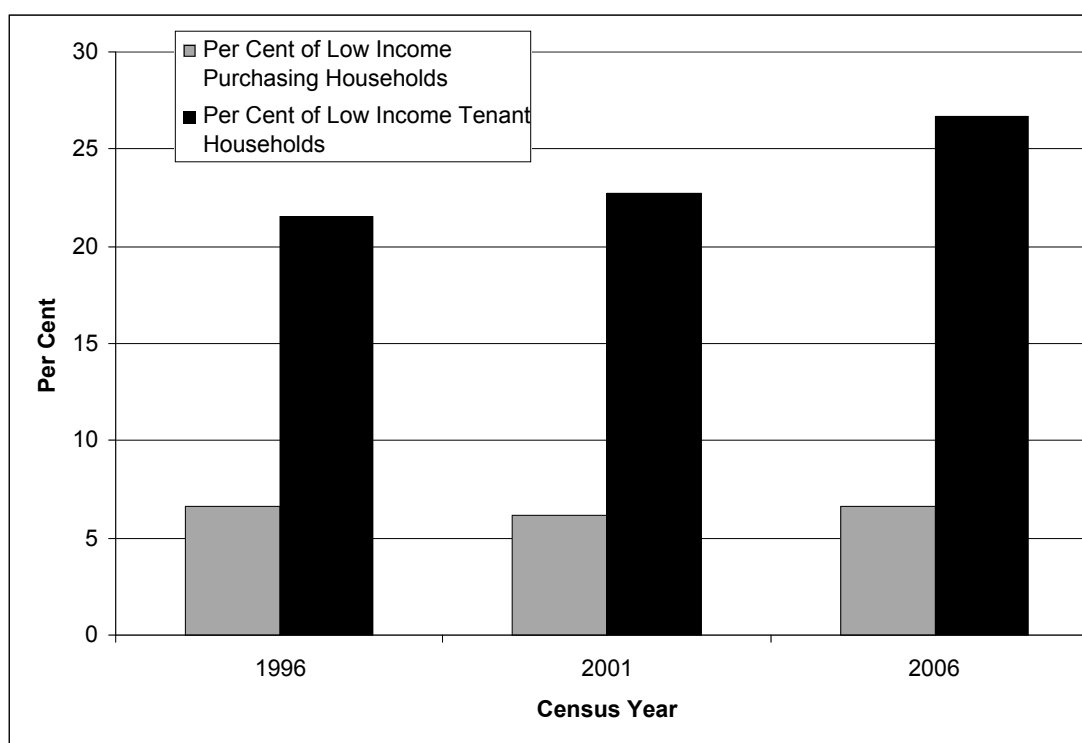
Figure 4.1 Number of households in the bottom 40 per cent of the income distribution paying 30 per cent or more for their housing



Source: ABS Census 1996, 2001 and 2006

The inter-censal period 2001 to 2006 witnessed significant house price inflation across Australia that has affected both the affordability of home purchase and rental housing³³. Figure 4.1 (above) shows that there has been strong growth in the number of renting households affected by housing stress, rising from 326,050 in 1996 to 353,096 in 2001 and 442,863 in 2006. Importantly, the percentage of all tenants across Australia experiencing housing stress has escalated from 21.5 per cent in 1996 to 26.7 per cent in 2006, with most of that increase recorded since 2001 (Figure 4.2). The impact of housing stress is even more remarkable when we consider that there are almost 400,000 public rental dwellings across Australia, all charging rents below 30 per cent of income. The burgeoning number of rental households in housing stress has occurred at a time of substantial growth in the rental market, with the number of rental households increasing from 1.516m in 1996 to 1.657m over the decade. Interestingly the 2006 Census shows us that the preferences or capacity of low income Australians to enter home purchase appear to have changed and this has contributed to increased levels of housing stress within the community.

Figure 4.2 Percentage of households in the bottom 40 per cent of the income distribution paying 30 per cent or more for their housing

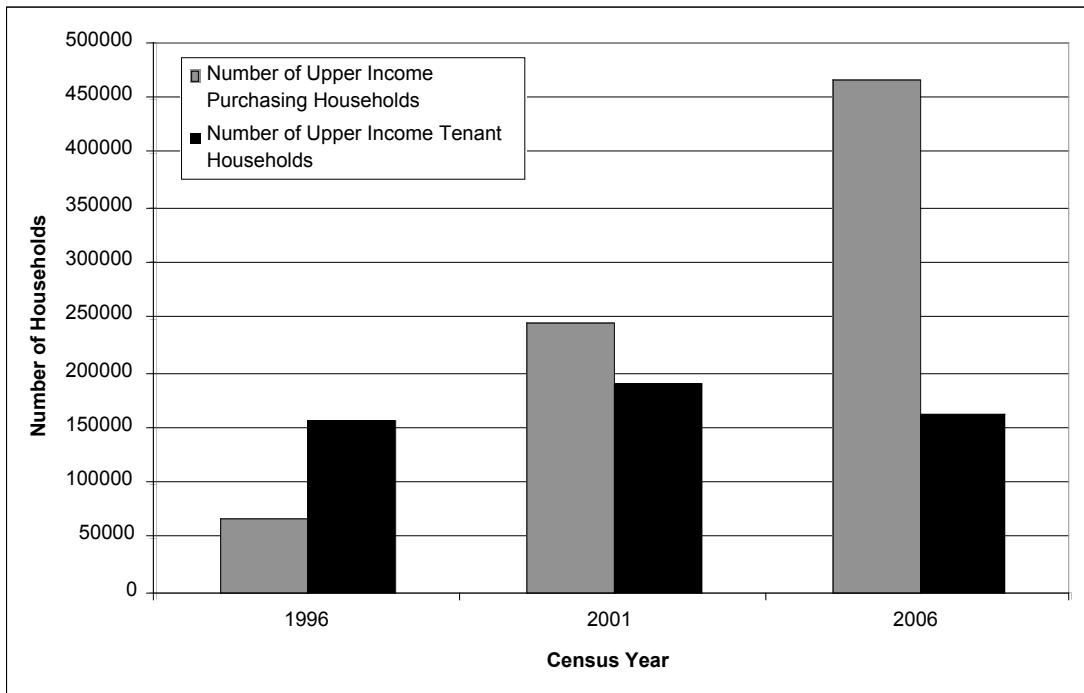


Source: ABS Census 1996, 2001 and 2006

In percentage terms, housing stress did not increase greatly in the home purchase market over the decade to 2006 (Figure 4.2), with some 6.6 per cent of purchasing households experiencing housing stress in 1996, 6.2 per cent in 2001 and 6.6 per cent in 2006. Growth in the housing sector overall, however, meant that the number of households affected grew

from 102,878 in 1996 to 151,299 in 2006 and the rate of increase in home-purchasing households affected by housing stress outstripped the rate evident in the private rental sector. While the incidence of housing stress amongst purchasers has remained relatively constant in percentage terms, the number of low income home purchasers paying less than 30 per cent of their income for their housing has shrunk to one third the number of a decade previously, falling from 241,716 households across Australia to 87,018 in 2006. There has also been a significant rise in the number and percentage of home-purchasing households in the top 60 per cent of the income distribution paying more than 30 per cent of their income for housing (Figures 4.3, 4.4). The number of households in the upper 60 per cent of the income distribution spending 30 per cent or more of their income for accommodation virtually doubled between 2001 and 2006, while rising from 13.9 per cent of households in 2001 to 21.6 per cent in 2006. While this group has not experienced housing stress, they have entered a circumstance of *housing vulnerability* and the rapid rise in the number and percentage of households with substantial mortgage debt is clearly a watershed moment in the relationship between Australians and their housing. It is indicative of economic change with respect to lending practices and a major shift in the willingness of households to take on housing commitments. It also serves to emphasise the degree of precariousness and risk confronting many Australians, with even those on moderate and high incomes potentially vulnerable to mortgage interest rate rises.

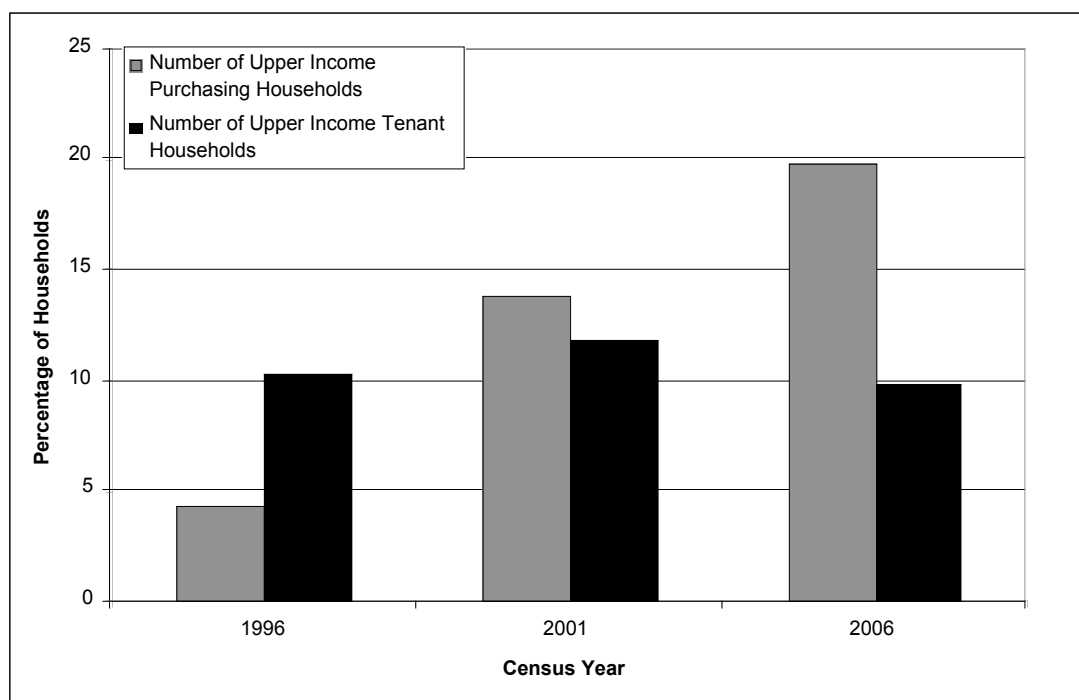
Figure 4.3 Number of households in the top 60 per cent of the income distribution paying 30 per cent or more for their housing



Source: ABS Census 1996, 2001 and 2006

Importantly, high housing costs are not quarantined to households in specific stages – couples pre-children, group households etc – of the life course. Where once households were seen to endure high housing costs in the period prior to the birth of children as the household struggled to enter home ownership³⁴, housing stress is now a feature of every stage of the lifecycle including the child formation raising years. The analysis of the Census data has revealed that households where children were present exhibited very similar patterns of housing stress when compared with the general population. At the 2006 Census renting households with children were much more likely than home-purchasing households to experience housing stress and there has been a substantial increase in the number and percentage of home-purchasing households in the higher income brackets paying more than 30 per cent of earnings for their housing. Looked at another way, at the 2006 Census there were 71,893 home-purchasing households with children affected by housing stress and 141,839 renting households with children similarly affected.

Figure 4.4 Percentage of households in the top 60 per cent of the income distribution paying 30 per cent or more for their housing



Source: ABS Census 1996, 2001 and 2006

5. The ageing of the population

The ageing of the Australian population is a process already in train, and one that will gather momentum as the large cohorts born from the late 1940s to the 1970s age and as net fertility rates remain below replacement levels. It has been estimated that by 2021 some 18 per cent of the Australian population will be aged 65 years or older and approximately 40 per cent of households will be occupied by one or more older persons, the majority living alone or in a

couple³⁵. The Australian Housing and Urban Research Institute (AHURI)³⁶ has suggested that key challenges in meeting the housing needs of an older population include:

- More young-old (under 85 years) retirees seeking housing suited to their lifestyles;
- More frail very old people, especially older women living on their own, creating a greater demand for housing that incorporates some form of support;
- Sustained and substantial numbers reaching old age as renters and whose housing choices will diminish as they grow older;
- Increasing intergenerational inequity stemming from transfers of housing assets.

In addition, the Productivity Commission³⁷ has suggested that the ageing of the population is likely to lead to an increase in the demand for housing assistance amongst older Australians who do not own their own home. In 2002-03 there were approximately 1.5 million households comprised of older Australians³⁸ of which 13 per cent (204,000 households) were tenants. Of this group, some 160,000 households received both Commonwealth Rent Assistance and the age pension.

In 2006 there were 1,772,9338 private dwellings that accommodated persons older than 65 years within the Australian housing stock, most of whom lived in detached dwellings. These figures represent a significant increase on the 1,556,950 dwellings recorded at the 2001 Census and the 1,402,332 private dwellings enumerated in 1996. There has also been growth in the number of non-private dwellings accommodating older Australians, although the rate of growth has not matched that evident in the private dwelling stock.

Importantly, the ageing of the population will place new demands on the Australian housing stock as a percentage of the older population looks to move to purpose-built aged accommodation and as others remain in their current dwellings into their 80s, 90s and beyond. Research by Stimson et al³⁹ has suggested that the retirement village industry in Australia is likely to grow substantially over the next decades as an increasing proportion of 'baby boomers' move into this form of housing. Other research⁴⁰ has suggested that many older Australians will seek new types of purpose-built aged accommodation and that the housing industry will need to develop new products, and markets, to meet this demand. Regardless of the direction taken by the aged housing sector into the future, it is clear that the Australian housing stock will be occupied by a substantial aged population for the foreseeable future. Indeed, while much attention has been focused on the ageing of the 'baby boomers', Generation X – defined as those born between 1961 and 1976 – is a larger group⁴¹ and for at least the next 50 years the Australian housing stock will need to meet the needs of an older population. This is unexplored ground for both Australian society and the Australian housing stock and this phenomenon will generate new dynamics within the property market that will need to be monitored through future Censuses.

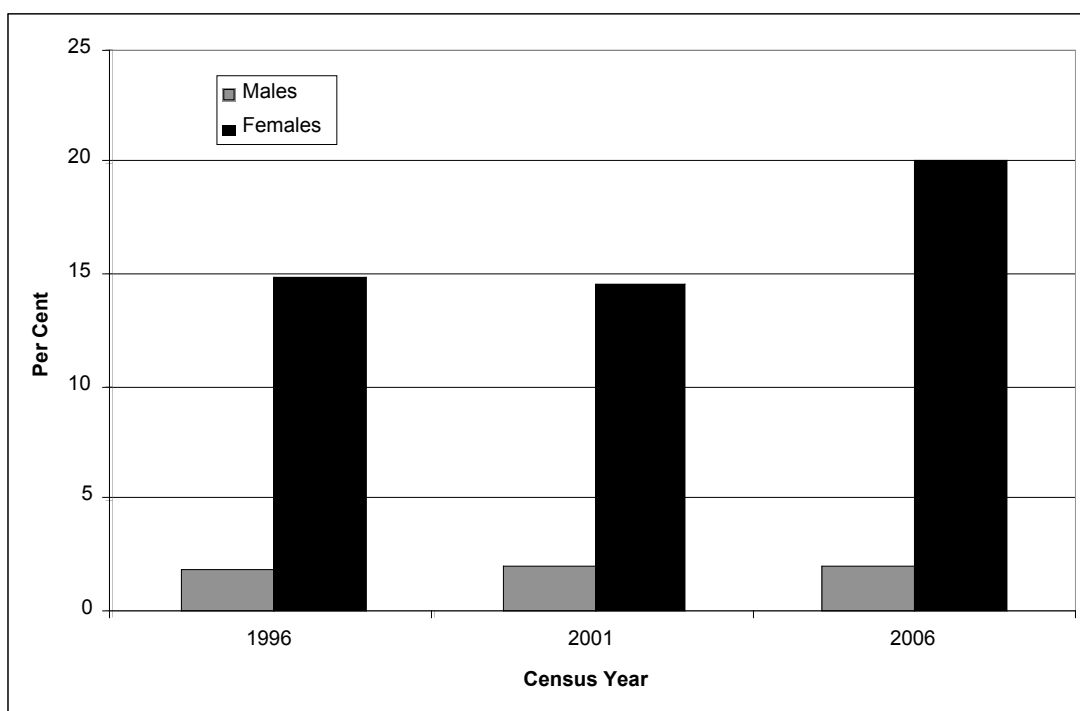
6. Gender and housing

The changing relationship between men and women in Australia has been a driver of substantial change throughout Australian society over the last 40 years but surprisingly little research has been undertaken into gender and housing issues. Recent research by Tually et al⁴² highlighted the impact of sole parenthood on women, the adequacy of retirement incomes for women, the concentration of older women amongst lone-person households and housing for women fleeing violence in the home. The data from the 2006 Census presents an opportunity to examine shifts in the housing of women within the Australian housing stock and while there is not sufficient space here to address this topic in depth, this section will

examine housing affordability for two demographic groups where women are considered to be especially vulnerable: lone parents and sole-person households.

Lone parents are one of the groups of women considered to be at risk within the Australian housing market⁴³ because relationship breakdown often results in them occupying housing that is insecure and/or unaffordable. For some women, the impacts of marital separation are exacerbated by the consequences of violence in the home. At the 2006 Census some 208,611 lone-parent households were enumerated where the respondent reported both their income and housing costs. Women were in the overwhelming majority, comprising 80.5 per cent of this group and some 26 per cent of lone-parent households had incomes in the bottom 40 per cent of the income distribution. Women paying more than 30 per cent of their income for their housing comprised 61 per cent of this group, while only eight per cent of men on low incomes spent more than 30 per cent of income on their housing.

Figure 6.1 Lone-parent home purchasers affected by housing stress by gender, 1996, 2001 and 2006

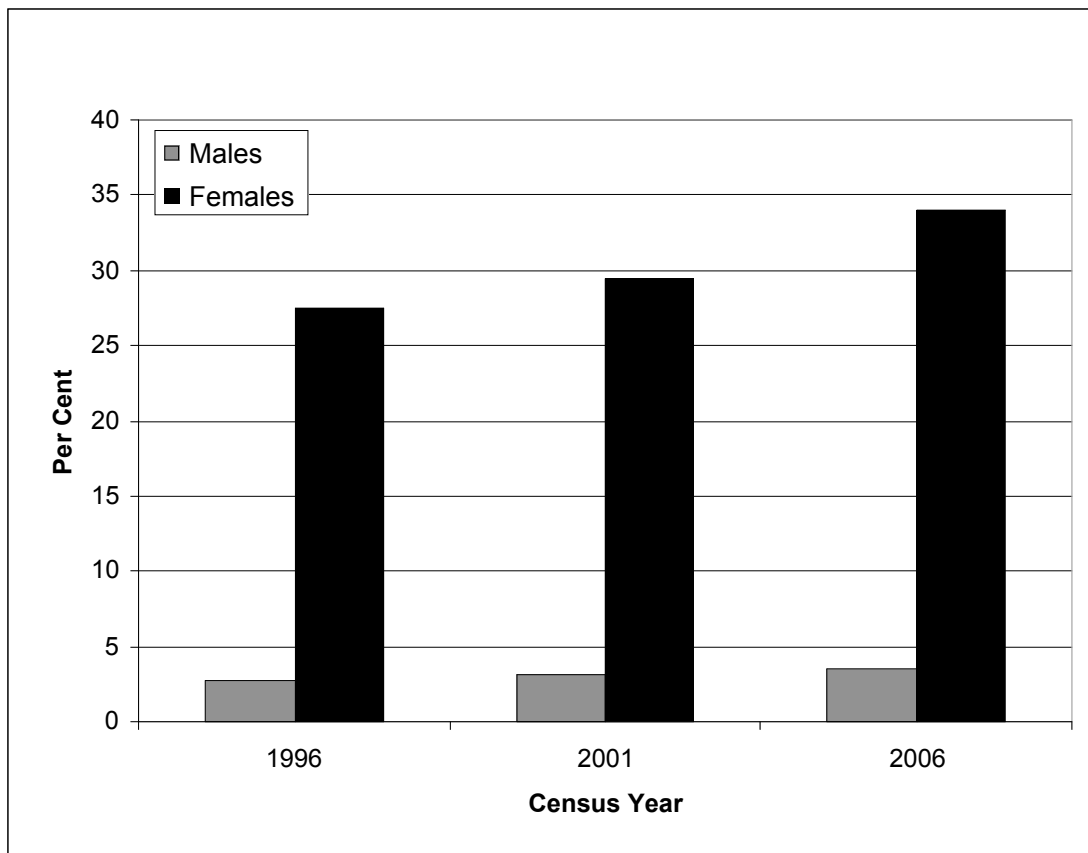


Source: ABS Census 1996, 2001 and 2006

The 2006 Census reveals that over the last decade there has been substantial growth in the number of female lone parents on low incomes who are purchasing their homes and paying more than 30 per cent of their gross income for housing (Figure 6.1). The number of affected households across Australia rose from 19,358 in 1996 to 25,160 in 2001 and 33,421 in 2006. Significantly, 20.1 per cent of all female lone-parent, home-purchasing households now experience housing stress, compared with just 2.1 per cent of male lone-parent households. Women who are lone parents purchasing their home in housing stress now outnumber males in the same circumstances by a ratio of approximately eight to one. It is important to

acknowledge that this set of outcomes reflects profound drivers within the housing market: in a relationship breakdown where children are involved, women are more likely to be awarded the family home in the Family Court settlement but may have few other financial resources, including access to well paid employment, superannuation or other savings. As noted before, relationship breakdown is now more common and in addition there is an increasing expectation that female sole parents will remain in the paid labour market and not have the opportunity to live within public housing.

Figure 6.2 Lone-parent tenant households affected by housing stress by gender, 1996, 2001 and 2006



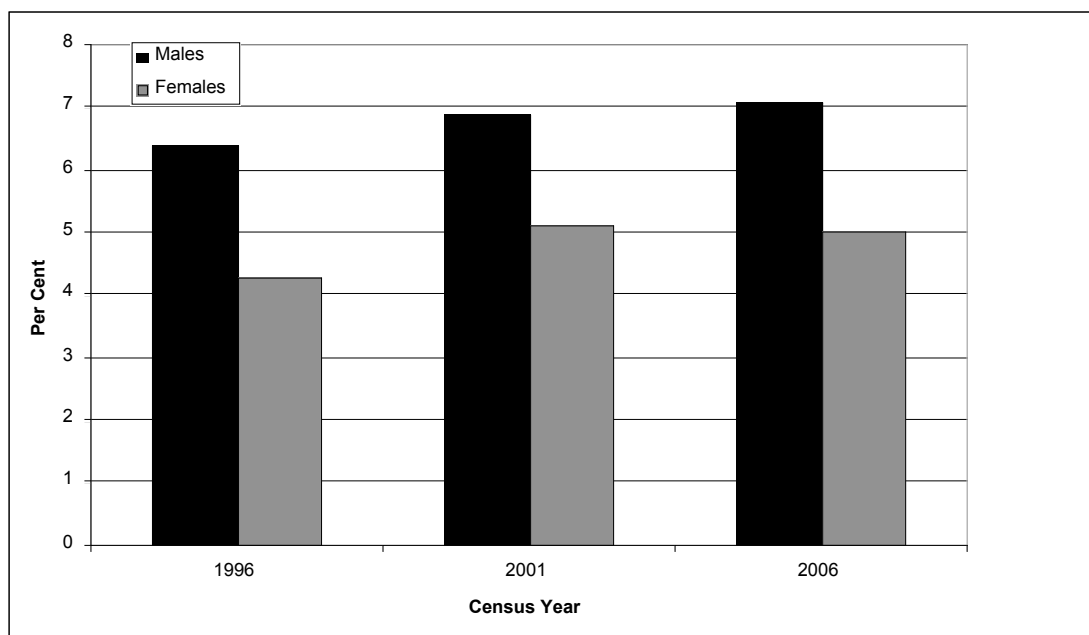
Source: ABS Census 1996, 2001 and 2006

Many lone-parent women who are purchasing their homes are confronted by housing stress but this phenomenon is a greater problem for those who are tenants (Figure 6.2). At the 2006 Census fully 34 per cent of lone-parent households headed by women were in housing stress, compared with just 3.5 per cent of male lone-parent households who were tenants. Moreover, there were almost ten times the number of female lone-parent households in housing stress than males. The number increased by almost 50 per cent – 80,235 in 1996 to 117,203 in 2006 – over the decade to the 2006 Census. The number of male lone-parent households affected by housing stress increased at the same rate, but the numbers involved

were much lower. Interestingly, in 2006 there were fewer female-headed, lone-parent households in the top 60 per cent of the income distribution paying more than 30 per cent of their income in rent and this applied to both the number and percentage of female lone-parent households. These data highlight the increasing concentration of poverty amongst women: in 1996 there were 140,761 female-headed, lone-parent households in the lowest 40 per cent of the national income distribution; by 2001 this number had risen to 170,840 and by 2006 this figure stood at 216,822.

Women living alone are a second group considered to be vulnerable within the Australian housing stock as many are older women who have limited incomes and assets. They are a group that has become more prominent within Australian society through the structural ageing of the population and increasing life expectancy. Clare⁴⁴ has noted that many women who were over the age of 65 at the 2006 Census had little chance to accumulate superannuation savings earlier in life because of periods spent out of the paid labour force. The lower wages generally received by women when compared with men, and restricted access to this form of savings prior to 1989, are also important. Many older women, therefore, who live alone are dependent on the age pension and have limited savings. Some are able to maintain an adequate standard of living because they are outright home owners, but others remain in the rental market where they may be confronted by the need to relocate relatively frequently, limited control over their homes and high housing costs, especially in the private rental market.

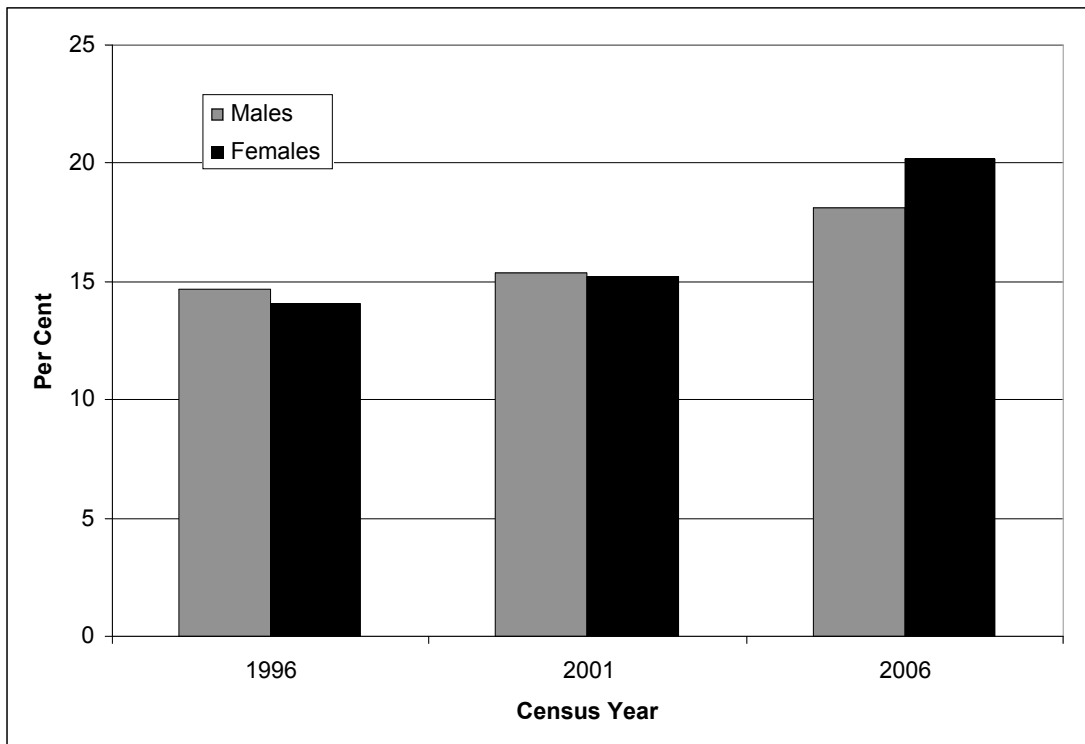
Figure 6.3 Lone-person home purchasers affected by housing stress by gender, 1996, 2001 and 2006



Source: ABS Census 1996, 2001 and 2006

Data on income and housing costs for lone-person households are presented in Figures 6.3 and 6.4 and they show that there is a greater degree of gender equity in the impact of housing costs for lone-person households when compared with lone-parent households. In addition, there has been relatively little change in the percentage of this group affected by housing stress: in 1996 some 4.3 per cent of female-headed, lone-person households in the home purchase sector were affected by housing stress, compared with 5.1 per cent in 2001 and 5 per cent in 2006. Similar trends were evident for males purchasing a home while living by themselves. There was, however, significant growth in the number of households affected, increasing from 10,529 female-headed, lone-person purchasers in 1996 to 14,377 in 2001 and 22,477 in 2006. The rise in affected households was in line with the growth of the aged population and while the percentage incidence of housing stress has not increased for this group of female-headed households, the greater numbers affected by housing stress in 2006 compared with 1996 ushers in a more profound need for public policy intervention.

Figure 6.4 Lone-person tenants affected by housing stress by gender, 1996, 2001 and 2006



Source: ABS Census 1996, 2001 and 2006

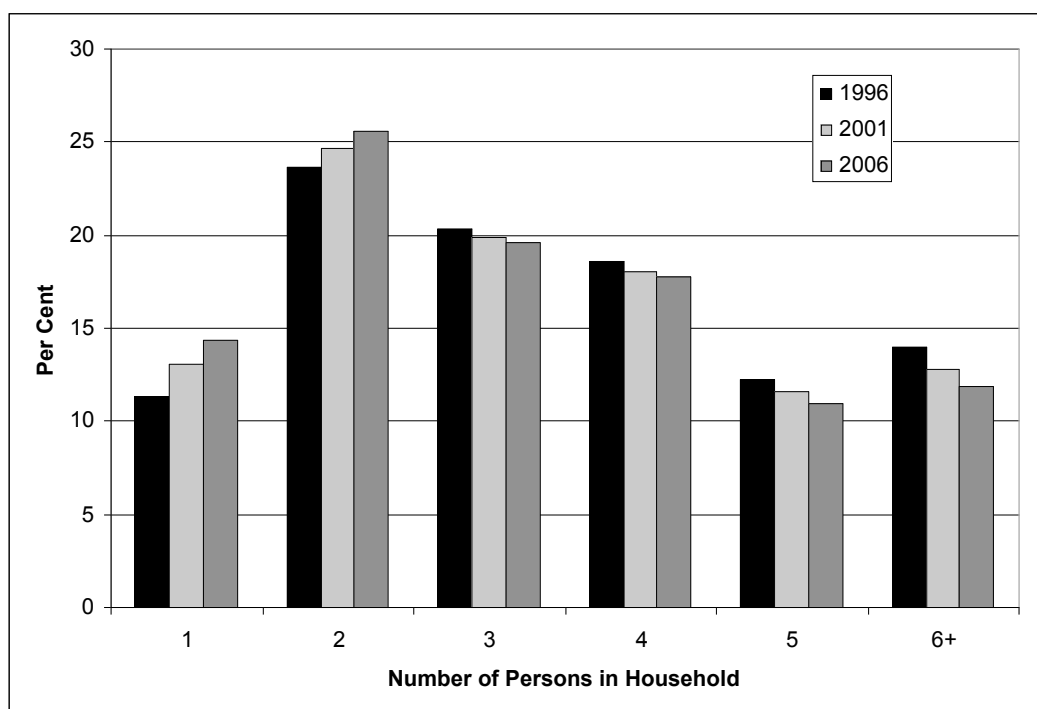
Housing stress is greater, and has risen at a faster rate, for women living by themselves in the private rental sector than for those purchasing their home. At the 2006 Census 20.2 per cent of women living by themselves in the private rental market were in housing stress (124,326 households), and this was a rise of 15.2 per cent in 2001 (88,247 households) and 14.1 per cent in 1996 (73,783). In contrast to the trends evident in housing stress amongst

female lone-parents, the rate of increase in the incidence of housing stress is broadly comparable for both genders, which suggests the impact of housing market processes alone rather than reflecting a combination of factors.

7. The housing of Indigenous Australians

The housing of Indigenous Australians differs significantly from that of the non-Indigenous population, as recognised by previous research on the housing of this component of the population⁴⁵. Indigenous Australians are a distinctive component of the Australian population but – as with the non-Indigenous population – their population and social characteristics are changing in ways that reflect fundamental shifts within society⁴⁶. The housing of Indigenous Australians is distinguished from that of the non-Indigenous population by the lower rate of owner occupation amongst Indigenous Australians; a greater propensity to live in rural and especially remote Australia; the tendency for Indigenous people to live in larger households; a greater reliance on public or community housing; and often poorer physical housing standards. In 2006 there were 174,474 dwellings where one or more persons identified themselves as Indigenous, and this compares with 148,000 dwellings in 2001 and 120,423 in 1996. Growth in the number of dwellings occupied by Indigenous Australians reflects a higher rate of population growth compared with the total population, which reflects the demography of this group⁴⁷ and an increased willingness to self identify as an Aboriginal or Torres Strait Islander.

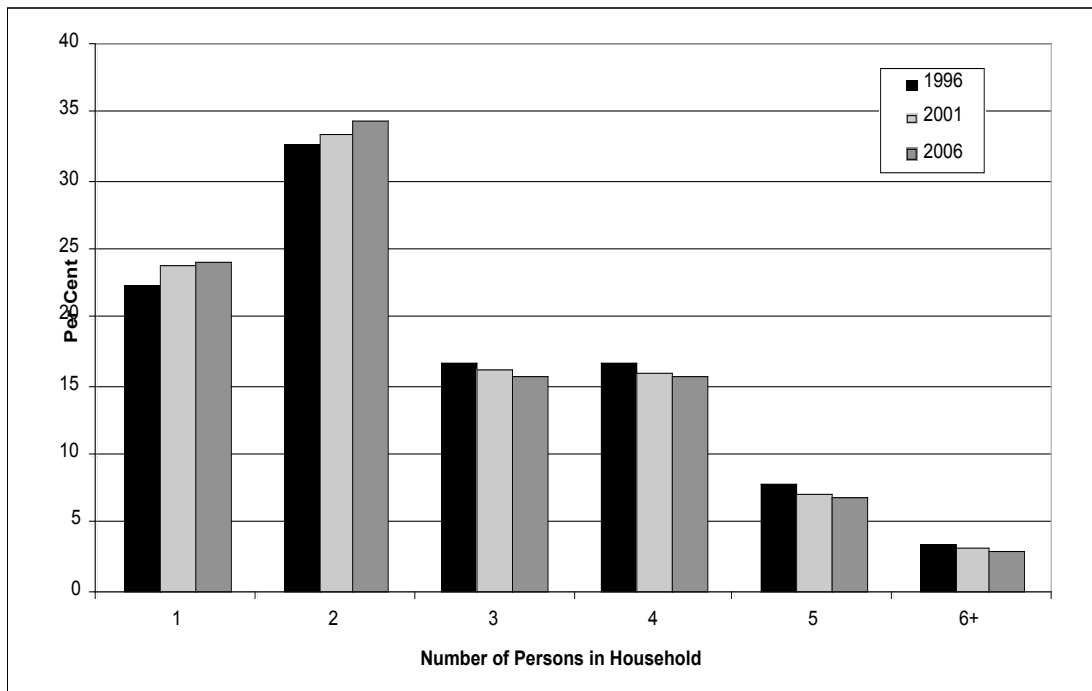
Figure 7.1 Number of persons per household where one or more persons identify as an Indigenous Australian, 1996, 2001 and 2006, Australia



Source: ABS Census 2001 and 2006

At the 2006 Census 11 per cent of households where one or more persons identified themselves as Indigenous were owned outright, 23 per cent were being purchased, 60 per cent were tenants and the remainder lived in other types of tenure or did not state their tenure arrangements. This pattern was somewhat changed from 2001 where 12.8 per cent of households were outright home owners, 19.4 per cent were purchasing their home, and 61.2 per cent were tenants. Limitations in the available data mean that it is not possible to make comparisons back to the 1996 Census, but the most recent Census provides evidence of an increased rate of home purchase amongst the Indigenous population as with the non-Indigenous population. However, the home purchase rate for the Indigenous population is just one third that for all Australians. At the 2006 Census fully 20 per cent of all Indigenous households rented from a state or territory government, the single largest landlord type for this population group. Earlier research has noted the concentration of Indigenous households in public rental housing, though the level of representation in this tenure still does not match need⁴⁸.

Figure 7.2 Number of persons per household where no persons identify as an Indigenous Australian, 1996, 2001 & 2006, Australia



Source: ABS Census 2001 & 2006

The number of persons living in the dwelling stock is one of the key issues in understanding how the use of the housing stock has changed over time. Figures 7.1 and 7.2 show that Indigenous households remain much larger than households in the non-Indigenous population, with 12 per cent of the former living in dwellings with six or more persons at the 2006 Census, compared with 2.4 per cent for the non-Indigenous population. Similarly, some 14 per cent of the Indigenous population reported they lived in a dwelling with one occupant on Census night 2006, compared with 24 per cent of the non-Indigenous population. There is,

however, some evidence of convergence over the decade as the households in which Indigenous Australians live have fallen in size.

Figures 7.1 and 7.2 (above) provide further evidence on the changing pattern of housing occupancy amongst Indigenous Australians. Overcrowding has been one of the features of Indigenous housing to attract policy and public attention over the last two decades. The Figures clearly demonstrate that at the 2001 and 2006 Censuses Indigenous Australians lived in much larger households and at much higher densities than the total population. For example, at the 2006 Census fully 23.2 per cent of Indigenous households were comprised of five or more persons, compared with 10.1 per cent for the total population. Indigenous households also tend to live in smaller dwellings than the total population, with 28.1 per cent of the total population living in dwellings of four bedrooms or more, compared with 24.7 per cent of the Indigenous population. This trend to living in smaller dwellings is evident despite the larger average household size and contributes to the problem of homes of inadequate size for many Indigenous households.

In addition, it is important to acknowledge that the Census data on place of usual residence does not fully reflect the impact of short-term movements across and within regions. There is a considerable literature⁴⁹ that emphasises the episodic nature of much overcrowding and it is likely that there is more overcrowding amongst Indigenous households than is evident from the Census.

8. Conclusion

This paper began by suggesting that social, economic, demographic and policy change is playing a major role in the reshaping of the relationship between Australians and their housing. The 2006 Census data clearly shows that there have been major changes in the way Australians live in, pay for and have built housing over the last decade. The Australian housing stock is now called upon to perform a far greater set of roles for the Australian population as the life course of individuals and households has become more complex over the last three decades. The ageing of the population, the growth in divorce and relationship breakdown, growth in service sector employment with its emphasis on access to the Central Business District, and the ongoing desire for owner occupation, has generated new social, economic and policy tensions, especially focused on housing affordability. Interestingly, many of these new functions are still played out within stock that was built 20, 30 or even 50 years ago, as the physical characteristics of the Australian housing stock have changed relatively little.

This paper has shown that there have been substantial shifts in housing affordability with growth in both the number and percentage of low-income households affected by housing stress. This story is well known⁵⁰ but little attention has been paid to the growth in the number and percentage of households in the upper 60 per cent of the income distribution paying more than 30 per cent of their income for housing. While it can be argued that these households have the capacity to pay more for their accommodation, many have become vulnerable to both a potential downturn in the economy, as well as the interest rate movements evident through the latter part of 2006 and into the first part of 2008. Importantly, social, economic and policy change – including the growth in non-conforming lending, the reassessment of prudential margins by the major banks in the early part of this decade and taxation reforms introduced in 2000 – have contributed to house price inflation and an affordability crisis. Australia is now marked as a nation of both housing stress (amongst low income earners) and housing vulnerability (amongst those on higher incomes).

As the 2006 Census shows, the contemporary Australian housing market reflects an array of social, economic and demographic trends. At the same time, the housing market is reshaping Australian society and moulding the future of our nation. The Census data examined through this paper provides a number of examples of how housing market circumstances are reshaping the everyday lives of Australians: the challenges of housing affordability have played a role in the tendency for children to remain in the family home for longer, which in turn has encouraged the additions and renovations market which has served to push up prices. At the same time the decline of the public housing sector, in combination with the low incomes and the high cost of renting privately, has contributed to the poverty evident amongst female lone parents, which in turn has contributed to on-going gender inequality within Australian society. The housing of many Indigenous Australians lags behind that of the general population in terms of access to home ownership, security of tenure and the incidence of overcrowding. While these outcomes reflect general social and economic conditions, the housing of Indigenous Australians further reinforces disadvantage because as a group they have reduced access to the capital gains often associated with home ownership and they are more likely to live in insecure rental housing which has the capacity to impose additional costs on the household. In addition, overcrowding has implications for the health of residents and the educational achievements of children – both of which affect long term earnings and well being. Importantly, there is some evidence to suggest improvements in the housing outcomes of the Indigenous population.

Finally, it is worth acknowledging the need for an on-going examination of housing in Australia. Housing remains one of the most important asset classes within the Australian economy⁵¹ and an important determinant of the welfare of the population. It is therefore important to continue to scrutinise housing trends and outcomes and the Census provides an important vehicle for this analysis. Hopefully this paper represents a preliminary step in a more detailed examination of the 2006 Census data. Ideally this process will engage all members of the community and provide industry, government, non-government organisations and consumers with the capacity to shape a better future for housing in Australia.



Andrew Beer is the Director of the Flinders Institute for Housing, Urban and Regional Research and has previously served as the Director of the Southern Research Centre, Australian Housing and Urban Research Institute. Andrew is currently a Board member of the Regional Studies Association and was previously a Leverhulme Fellow at the University of Ulster and a Visiting Research Fellow at the University of Plymouth. Over the past 15 years he has undertaken a range of research projects on housing affordability, regional housing, disability and housing, and housing transitions. Professor Beer has also consulted widely with a range of government and non-government organisations.

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